

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Andover Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 30, 2016

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on August 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

This schedule reflects a reduction in the investment return assumption from 7.75% to 7.25%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Results for the Town of Andover Contributory Retirement System

CHART 16

Funding Schedule - Fully funded by June 30, 2032 with appropriations increasing 10.00% per year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Liability	(4) Total Plan Cost: (2) + (3)	(5) Total Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Total Plan Cost % Increase
2017	\$2,344,358	\$6,304,042	\$8,648,400	\$133,525,444	--
2018	2,435,450	7,077,790	9,513,240	136,246,163	10.00%
2019	2,530,060	7,934,505	10,464,565	139,359,569	10.00%
2020	2,628,324	8,882,697	11,511,021	143,144,659	10.00%
2021	2,730,382	9,931,741	12,662,123	146,014,685	10.00%
2022	2,836,380	11,091,955	13,928,335	146,010,905	10.00%
2023	2,946,470	12,374,699	15,321,169	144,769,758	10.00%
2024	3,060,808	13,792,478	16,853,286	142,070,886	10.00%
2025	3,179,557	15,359,057	18,538,614	137,664,621	10.00%
2026	3,302,888	17,089,588	20,392,476	131,268,517	10.00%
2027	3,430,976	19,000,747	22,431,723	122,563,495	10.00%
2028	3,564,003	21,110,893	24,674,896	111,189,561	10.00%
2029	3,702,159	23,440,226	27,142,385	96,741,048	10.00%
2030	3,845,640	26,010,984	29,856,624	78,761,336	10.00%
2031	3,994,653	28,847,633	32,842,286	56,736,993	10.00%
2032	4,149,407	30,267,297	34,416,704	30,091,271	4.79%
2033	4,310,124	--	4,310,124	--	-87.48%

Notes: Recommended contributions are assumed to be paid August 1.

Item (2) reflects 3.5% growth in payroll as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected unfunded actuarial accrued liability reflects deferred investment losses.

Assumes contribution of budgeted amount for fiscal 2017.

Projected normal cost does not reflect the future impact of pension reform for future hires.